

C H A I R M A N ' S M E S S A G E



“When the U.S. exports, America works” – that’s our slogan because it reflects the reality that U.S. companies encounter every day in the world of international commerce. To keep American workers at their jobs and to create more of those jobs here at home, U.S. companies today

must reach beyond domestic markets and tap the opportunities of global trade.

The global marketplace offers tremendous opportunities but also presents distinct challenges. The private sector has the means and expertise to finance exports to mature markets; however, government support can be vital to accessing opportunities in riskier developing markets or when facing foreign-government-supported competition.

That’s where the Export-Import Bank of the United States (Ex-Im Bank) makes the difference. As the official export credit agency of the United States, Ex-Im Bank helps U.S. companies create and sustain American jobs

by providing financing for the purchase of U.S. exports that otherwise would not go forward.

Ex-Im Bank plays two key roles on behalf of U.S. companies. First, the Bank fills a critical trade-finance gap by providing financing for U.S. exports where the private sector cannot or will not. Second, Ex-Im Bank helps to keep U.S. companies competitive by providing support when a U.S. exporter competes for an international sale against a foreign company that is backed by its government’s export credit agency (ECA).

In fiscal year 2005, Ex-Im Bank authorized nearly \$14 billion in financing in support of an estimated \$18 billion of U.S. exports of goods and services. Of the Bank's 3,128 transactions, over 80 percent were made available for the direct benefit of U.S. small businesses.

Leveraging U.S. Taxpayer Dollars

Ex-Im Bank makes prudent use of U.S. taxpayer resources. For every taxpayer dollar used in fiscal year 2005, Ex-Im Bank provided financing in support of an estimated \$57 of U.S. exports. This multiple compares to \$51 of U.S. exports in fiscal year 2004 and \$36 of U.S. exports in fiscal year 2003.

The taxpayer value in terms of administrative budget dollars is even greater. For every dollar of administrative budget used in fiscal year 2005, Ex-Im Bank provided financing in support of an estimated \$245 of U.S. exports.

Supporting U.S. Small Businesses

Helping small businesses succeed in competitive international markets is a top priority at Ex-Im Bank. In fiscal year 2005, Ex-Im Bank authorized more than \$2.6 billion in direct support of U.S. small business exports. Roughly 83 percent of the Bank's transactions were made available for the direct benefit of small businesses. In the past four years, Ex-Im Bank has increased its direct small business transactions by more than 21 percent and increased the dollar volume of its small business support by 49 percent. (See 'Small Business Report' on pages 16-17.)

Ex-Im Bank helps small businesses obtain working capital from commercial lenders by providing a guarantee of the financing they

need to cover the pre-sale costs of producing their goods or services for export. Ex-Im Bank also provides export credit insurance to allow U.S. small businesses to remain competitive by offering longer repayment terms and mitigating default risk.

We place special focus on bolstering the competitiveness of U.S. small businesses facing unique disadvantages, including woman-owned and minority-owned companies. In fiscal year 2005, roughly 12 percent of our small business transactions were with woman-owned and minority-owned businesses.

We are constantly striving to reach more small businesses. In fiscal year 2005, a new vice president for Small Business was named to manage a larger staff. The Bank's regional offices in New York, Florida, Illinois, Texas and California are focused solely on small business outreach and support. In addition, the Bank has dedicated trade finance professionals to helping woman-owned and minority-owned small businesses learn about and access the Bank's export products.

Building for the Future

In our effort to help maximize the competitiveness of U.S. firms, we at Ex-Im Bank must remain alert to changes under way in the world of official export finance. For instance, Ex-Im Bank is facing the emergence of ECAs that are not parties to the Arrangement on Officially Supported Export Credit of the Organization for Economic Cooperation and Development (OECD) that provide financing terms beyond those permitted under the OECD rules. Furthermore, many ECAs are offering financing to transactions that they earlier would not have

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supported, reflecting a change in philosophy in some countries as to the role of government-supported export credit.

To meet these kinds of challenges, Ex-Im Bank's management and staff continue to evaluate where the agency is most needed, which niches it can appropriately fill, and what products will best serve U.S. exporters.

In building for the future, we also place a strong emphasis on providing financing for certain regions or sectors with particular short-term challenges but promising long-term opportunities:

Supporting U.S. Environmental Exports – The worldwide market for environmentally beneficial products is growing. Over the past four years, Ex-Im Bank has supported more than \$1.1 billion of U.S. exports of environmentally beneficial goods and services to international markets. The Bank also dedicated an Environmental Exports Team of Ex-Im Bank trade finance professionals to promote and develop the program.

In fiscal year 2005, Ex-Im Bank and U.S. government agencies worked with the OECD to permit OECD ECAs to extend 15-year repayment terms for renewable energy and water supply and sanitation projects. The potential for this longer-term financing significantly improves the economics of clean energy and water projects.

Supporting Exports to sub-Saharan Africa – Ex-Im Bank provides export financing to help U.S. exporters compete in the challenging markets of sub-Saharan Africa. In fiscal year 2005, Ex-Im Bank supported transactions in 20 countries in the region, totaling \$462 million

– a 36 percent increase over fiscal year 2004. Ex-Im Bank is committed to markets that are developing stronger national institutions, such as in Nigeria, where the banking sector has undergone major reform and consolidation. As business potential grows, we will continue to help U.S. exporters take advantage of new opportunities in this part of the world.

Facilitating Asset-based Aircraft Financing – In fiscal year 2005, the Bank continued to encourage countries to sign and ratify the Cape Town Treaty that will provide greater legal security and facilitate cross-border, asset-based financing of large commercial aircraft and other aviation-related equipment. The Cape Town Treaty enters into force on March 1, 2006, in the nations that have ratified or acceded to the treaty.

Supporting U.S. Jobs Today and Tomorrow

Ex-Im Bank is committed to anticipating the export opportunities and meeting the financing challenges of U.S. companies for one very important reason: to help these companies maintain and expand jobs in the United States. U.S. companies must remain competitive in global trade – and especially in developing markets that offer so much growth potential for the future – in order to keep U.S. workers employed and the U.S. economy strong and growing. Truly, "When the U.S. exports, America works."

Sincerely,



James H. Lambright
Chairman and President (Acting)